

BUSINESS TRANSACTIONS IN ISLAM

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Islam addresses all aspects of human life. The Qur'ān and the traditions of Prophet Muhammad (peace and blessings of Allah be to him) provide us guidance for fulfilment of the life here and hereafter. Even pure business transactions undertaken with the motive of earning profit are not outside the ambit of the divine counselling and commandment available to mankind in the forms of commandments of Allah the Exalted as contained in the Holy Qur'ān and the traditions (*sunnah*) of the Prophet (peace and blessings of Allah be to him).

A number of guiding principles relating to business transactions may be derived from the Holy Qur'ān and the traditions of the Prophet (peace and blessings of Allah be to him). A study of the related verses of the Qur'ān and traditions (*sunnah*) of the Prophet (peace and blessings of Allah be to him) is useful to understand the principles that guide business transactions in Islam.

MUTUAL CONSENT (*TRĀḌĪ*)

Business transactions are undertaken for fulfilment of mutually exclusive benefits. One person provides goods or services for earning income while the other person gets the benefit of those goods or services. Every person should be free to perform his part of the deal in order to get the benefit he seeks. There cannot be any coercion in such an arrangement. Any action by any party in contrivance of this golden principle of a business transaction will render the benefit gained by him in this

process as wrongful (*bāṭil*). The holy Qur'ān has clearly said this in the following verse:

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ
تَكُونَ تِجَارَةً عَنْ تَرَاضٍ مِنْكُمْ

Believers! Do not devour one another's possessions wrongfully; rather, let there be trading by mutual consent...
[The Qur'ān - 4:29]

A number of traditions of the Prophet (peace and blessings of Allah be to him) have described the meaning of mutual consent and Islamic scholars have discussed various issues relating to this commandment in details. Ibn Kathir in the commentary of the above verse of the Qur'ān has recorded a tradition of the Prophet (peace and blessings of Allah be to him) which defines business as a transaction between two parties on mutual consent. Thus no person should be coerced to part with his possessions including goods, services or money or any other item of wealth. Similarly, all transactions done exploiting any weakness or situational disadvantage of a person are of doubtful credentials. Free will that is the basis of mutual consent is a must. Prophet Muhammad (peace and blessings of Allah be to him) expressed this categorically on a number of occasions. Following traditions are noted in this regard.

Every person having any possession is free to use it the way he wills. [Reported in *Kānz al U'mmāl*(3483)]

قَالَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ: «أَلَا تَظْلِمُوا أَلَا لَا يَحِلُّ
مَالٌ أَمْرَأٍ إِلَّا بِطَيْبِ نَفْسٍ مِنْهُ». رَوَاهُ الْبَيْهَقِيُّ فِي شُعَبِ الْإِيمَانِ
وَالدَّارَقُطْنِيُّ فِي الْمُجْتَبَى

Beware! Do not trespass (be oppressor). Other person's wealth is not lawful for you save with his (the owner's) consent. [Reported by Mishkāt, Bāb al Ghaṣb]

EXCEPTION TO THE RULE

A note of caution is necessary at this point. The principle of mutual consent in the case of possessions/wealth has some exceptions. One such exception is where a person may be dispossessed, despite his unwillingness and protest, by operations of law.

Another exception to the rule of mutual consent is the case described in the following tradition of the Prophet (peace and blessings of Allah be to him).

وَالْمُسْلِمُونَ عَلَى شُرُوطِهِمْ، إِلَّا شَرْطًا حَرَّمَ حَلَالًا، أَوْ أَحَلَّ حَرَامًا

All the conditions agreed upon by the Muslims are upheld, except a condition which allows what is prohibited (ḥarām) or prohibits what is lawful (ḥalāl). [Tirmidhī:1352]

Hence any condition in any transaction which permits *ḥarām* (prohibited affairs) or prohibits *ḥalāl* (lawful affairs) is void *ab-initio*. The authority of declaring something as *ḥalāl* or *ḥarām* vests with the Almighty Allah and all commandments in their respective declarations have already been given in the Qur'ān and the traditions of Prophet Muhammad (peace and blessings of Allah be to him). No scope of any fresh legislation in this regard is available. So in all transactions, including deals relating to business and trade, it is incumbent upon the believers not to trespass. They cannot do this even when they consent mutually.

FORBIDDEN LIST FOR BUSINESS TRANSACTIONS

Islam has not provided any exhaustive list of *ḥalāl* (permitted) business transactions. In fact, no list of this nature has been provided by the Prophet (peace and blessings of Allah be to him). Rather, the guiding principle is that everything that has not been forbidden (declared as *ḥarām*) is permitted. The Qur'ān and the traditions of the Prophet (peace and blessings of Allah be to him) have forbidden certain things. Our objective in this write-up is to reach to the relevant texts (*nusus*) of the Qur'ān the traditions of the Prophet (peace and blessings of Allah be to him) for better understanding of the letter and spirit of the principles.

Islamic jurists have further worked and contemplated on the issues and prepared a list of forbidden items on the basis of the related verses of the Qur'ān and traditions of the Prophet (peace and blessings of Allah be to him). These scholars have described the prohibitions under exclusive terms and prepared *qāi'dah fiqhiyyah* (jurisprudential principles), that may be called *fiqh* maxims. Such description of forbidden items under specific terminologies and explanation of the underlying principles as *fiqh* maxims have become great boon for mankind. Man is now not being burdened with any description of permitted affairs as that would have made human life miserable. A small, countable and exact list of forbidden things has been pronounced and enlisted, leaving man free to take advantage of the vast scope of earning his livelihood and entering into any trade and business deals of his liking and in accordance with his abilities and available opportunities. It is like opportunity provided to Adam, our forefather, to visit any place in the Paradise and consume anything except the produce of one tree. It is another matter that man is tempted to do the

forbidden act and thereby lose the Paradise itself! The message is the same even today; keep at bay the forbidden zone and exploit all other opportunities, the life on earth will become like that in the Paradise and this will, God-willing, pave the way for our entering the Paradise itself hereafter – this time eternally as we will be spared the test that our forefather faced.

FORBIDDEN LIST

The forbidden list and features relevant for business transactions are very limited; in fact, they are less than twenty in number. Any business venture not hit by the provisions of these less than twenty forbidden items and traits can be construed and considered Islamically in order. Here lies their relevance and importance. So to ascertain the correctness of any proposal, the correct approach is to examine whether or not it falls under any forbidden activity or attribute. If it is not improper, it must be proper. For everything is permitted if not expressly prevented.

In order to understand these in their true letter and spirit, we will discuss these severally.

PRINCIPLE OF NO HARM

Both causing harm initially and reciprocating harm in response to the harm caused are not permitted. Prophet Muhammad (peace and blessings of Allah be to him) has, in a very popular tradition (*ḥadith/sunnah*) has expressed his disapproval of both the types of harm – initial and the reciprocal.

عَنْ أَبِي سَعِيدٍ الْخُدْرِيِّ، أَنَّ رَسُولَ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ
وَسَلَّمَ، قَالَ: «لَا ضَرَرَ وَلَا ضِرَارَ»

"There is not to be any causing of harm nor is there to be any reciprocating of harm" [Reported by *al-Dārquṭnī*, *al-Bayhaqī* and *al-Hākīm*, and narrated by Abū Sa'īd al-Khudrī (may Allah be pleased with him)]

Other companions of the Prophet (peace and blessings of Allah be to him) such as ibn Abbās, 'Āisha, Jābir, 'Ubāda ibn al-Ṣāmit, Abū Hurayrah, Abū Lubābah and Tha'laba and Ibn abī Mālik (may Allah be pleased with all of them) have also narrated his *ḥadīth*.

The Arabic wordings, *lā ḍarar wa lā ḍirār*, is so much popular that it is often quoted as a phrase and axiom. Its literal translation would be '**no harm and no reciprocal harm.**' This is in the form of a statement. However, when a statement comes from the Prophet (peace and blessings of Allah be to him) it becomes a commandment and is imperative upon the faithful to act accordingly. This is the spirit in which Islamic scholars have taken and described this particular tradition.

Apart from the position that no person should harm any other person, this tradition means that every person has the right to make sure that he is not harmed by any other person. This right of taking due care to ensure self-interest is ingrained in the principle of no-harm-and-no-reciprocal-harm. Business transactions are done on mutual consent and in pursuit of mutual benefits. Such deal on mutual benefit with free will cannot be ensured without abstaining from causing harm from both sides.

The difference of meaning of *ḍarar* and *ḍirār* has been understood by the experts in different situations. One view is that both the words mean the same and the latter is an expression of stressing the former. A more plausible and understandable view is that *ḍarar* is in reference to an act by which someone benefits but which, unfortunately,

harms others. On the other hand *dirār* is an act by which no one benefits and only harm is brought upon others.” [Zarabozo, Jamāl al-Dīn M; Commentary on the Forty *ḥadīth* of al-Nawāwī; published by Al-Bashīr Company for Publications and Translations, USA, Volume 3, P.1135-1160]

An act whereby a person himself is not benefited but it is meant to harm others is heinous. It is obviously wicked and evil. However, some discussion is required in the case where a person does not intend to harm others and he acts in self-interest only but, in effect, it affects others. Although no harm is intended but it harms others. These are the acts beneficial to one and harmful to another. This case has been discussed by almost all the schools of thought of Islamic jurisprudence. Jamāl al-Dīn M. Zarabozo [*ibid*] has summed up these discussions brilliantly and concluded that virtually any act that a person does with his personal private property can be seen as an infringement or harm upon others. If an act performed in a normal manner causes a normally accepted and expected harm, a person should not be prevented from doing that. However, if the act is done in an improper manner and it causes unacceptable level of harm, the person so causing harm will be prevented and he will be liable for compensating any damage caused thereby. Performing an act in pursuit of any benefit is a right of a person and so barrier to performance will be raised only if the act brings unacceptable level of distress to others.

Another relevant deciding factor is that the interest of the general public will take precedence over the right-to-act of any person. The rights of the society may supersede the rights of an individual.

Another barring situation is the due process of law. A person may be harmed by such process of law.

RELATED *FIQH* MAXIMS

Fiqh Maxims are basically principles of jurisprudential thoughts in Islam which are applied in all areas of jurisprudence to ascertain law relating to any aspect of human life. The tradition we are discussing is itself applied as a *fiqh* maxim. Further, a number of *fiqh* maxims have also been derived from this tradition (*ḥadith*). Zarabozo[*ibid*] has enlisted the following eight such jurisprudential principles:

1. "Harm is to be prevented from appearing as much as possible." As prevention is better than cure, the approach should be to thwart the harm before it happens or remove it at the earliest if it has already appeared. Proactive action for averting harm is called for. [Muḥammad Ṣidqī al-Būrṇū; *Al-Wajīz fī Edhaab Qawā'id al-Fiqh al-Kulliyyah*; al-Maktabah al-Ma'ārif; Riyadh; P.198]
2. "Harm is to be removed or put an end to." A corollary of this principle is that the person responsible for the harm is responsible for the consequential damages. [Cf., al-Būrṇū; P.201]
3. "Harm is not to be removed by a similar harm." [Cf., al-Būrṇū; P.202]
4. "A greater harm can be removed by a lesser harm." A corollary of this principle is that if one has no other option, he should take the lesser of two evils. Another corollary is that if there is conflict between two evils, one should avoid the evil of the greater harm. [Al-Bugha, Muṣṭafā and Muḥī al-Dīn mistu; *al-Wāfī fī Sharḥ al-Arba'in al-Nawawiyyah*; Mu'assasah 'Ulūm al-Qur'ān; 1984; Damascus; P.240]
5. "The presence of a particular harm is accepted to ward off a general harm." As society's need takes precedence over individual needs, harm to individuals

or to lesser number of people will be accepted in order to prevent the harm to the general public.[Cf., Zarabozo; P.1156]

6. "Preventing evil takes precedence over bringing about some benefit." The example of sale of intoxicants may be cited. There are admittedly economic benefits involved but the decision to prevent their transaction is based on their harm. Something may have both benefit and harm. In that case prevention of harm shall take precedence over getting the benefit. [Cf., al-Bugha and Mistu; P.240]
7. "If there is a conflict between factors calling for something and factors prohibiting something, the prohibition takes precedence." [Cf., Zarabozo; P.1157]
8. "Something harmful is not given precedence just because it was pre-existing." Existence of anything, as such, does not always give it sanctity and justification for continuation. If it may cause any harm, it may be removed as prevention of harm is a more sacrosanct object. [Cf., al-Bugha and Mistu; P.240]

BUSINESS TRANSACTIONS SHOULD NOT BE MISLEADING

A deal between two persons should be in their respective clear-cut and mutually exclusive benefits. Ambiguity with regard to the benefit that will finally accrue to any one party will render the deal as Islamically incorrect and unacceptable. A number of traditions of the Prophet (peace and blessings of Allah be to him) have described this principle.

عَنْ أَبِي هُرَيْرَةَ: «أَنَّ النَّبِيَّ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ نَهَى عَنْ
بَيْعِ الْغَرَرِ»

Abū Hurayrah relates that Allāh's Messenger (peace and blessings of Allāh be to him) forbade an ambiguous deal. [Reported by a number of books of traditions of the Prophet (Peace and blessings of Allāh be to him) including *Muslim* (1513), *Abū Daūd*(3376), *Nāsāī*, *Ibn Mājah*, *Aḥmad*, *Dār Qutnī*, and *Bayhaqī*]

The word *gharar* in the above tradition of the Prophet (peace and blessings of Allāh be to him) may be translated, besides ambiguity, as indistinct, detrimental, misleading, delusion or deception. As it is in the nature of a terminology reflecting its own specific meaning, its literal translation may not serve the purpose of correct understanding. It means unclear and uncertain benefit. As both the parties have entered into the deal for their own mutually exclusive advantages and gains, nothing should impair their respective objects. Any condition or situation whereby the intended gain of any of the party is not certain is known as *gharar* which has been forbidden by the Prophet (peace and blessings of Allāh be to him).

This particular tradition falls within the group of forbidding traditions. The Prophet (peace and blessings of Allāh be to him) did not talk about or gave his opinion about all things prevalent in his times. His silence is also a form of tradition because he would have forbidden things which were not in order. Wherever he found anything wrong he categorically forbade that. His companions (may Allāh be pleased with all of them) recorded those events as *nahā 'an ...'* (The Prophet forbade '...').

In this particular case, apart from a general statement relating to the outlawed transaction, the Prophet (peace and blessings of Allāh be to him) also mentioned specific cases that were prevalent in his times. Most of the types of business transactions which he disallowed are not practised these days as such. However, a mention of a few

of those types of businesses may help us understand the nature of this prohibition so that we may apply that to the transactions prevalent in our times.

عَنْ عَبْدِ اللَّهِ بْنِ عُمَرَ رَضِيَ اللَّهُ عَنْهُمَا: أَنَّ رَسُولَ اللَّهِ صَلَّى
اللَّهُ عَلَيْهِ وَسَلَّمَ، «نَهَى عَنْ بَيْعِ حَبْلِ الْحَبَلَةِ»

The Prophet (peace and blessings of Allah be to him) forbade sale of a camel not yet born. [Reported by Muslim (15140), Bukhārī (2143), Tirmidhī (1229), Abū Dāūd, Mo'attā, Ahmad, Nasāī]

The reason behind the prevention of such a sale is obvious as the camel, not yet born, may or may not be born-alive or it may be a he-camel or a she-camel. The product to be made available to the buyer is non-specified and this is a case of *gharar* in the deal. Similarly, the Prophet (peace and blessings of Allah be to him) discouraged a particular type of purchase which was in vogue where the buyer would purchase a bundle of cloth without its proper inspection. He had to accept, with or without consent, any bundle thrown by the seller towards him.

عَنْ أَبِي سَعِيدٍ رَضِيَ اللَّهُ عَنْهُ أَنَّ رَسُولَ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ
وَسَلَّمَ «نَهَى عَنِ الْمُنَابَذَةِ»، وَهِيَ طَرْحُ الرَّجُلِ ثَوْبَهُ بِالْبَيْعِ
إِلَى الرَّجُلِ قَبْلَ أَنْ يَقْلِبَهُ، أَوْ يَنْظُرَ إِلَيْهِ

[Reported by Bukhārī (2144), Muslim (512), Abū Dāūd, Ibn Mājā, Nasāī, Bayhaqī]

Gharar may also be translated as delusion or mirage. It may be both intended and unintended. One party in the deal might be clearly benefiting out of the deal at the cost of the delusion of the other. This amounts to cheating which is wrong in all systems of law. We cannot imagine

any system or society justifying such a fraudulent deal. But, at times, the problem lies in the features of the proposed deal itself that benefit of one party is not considered and it is not obvious. This may or may not be in the advantage of the other party. It is simply a case where the benefit of one party is clear and that of the other is unclear; although the first party may not have inflicted this uncertainty or taken advantage of the confusion. The traditions of the Prophet (peace and blessings of Allah be to him) put a question mark in such cases too in which contingencies are such as the advantage of one party to the deal is in delusion. The respective objects of both the parties should be obvious from day one and the deal, as such, should not be of doubtful credentials.

GHARAR RELATED ISSUES

Some amount of ambiguity is permissible. For example, hiring something on monthly rental basis will be valid although some months will be of 29 days and others of 30 days.

The delusion in all cases may not mean disadvantage befalling on one party. There may be cases of windfall gains. Ambiguity, whether advantageous or disadvantageous, has to be avoided. Ambiguity, as such, is misleading which is not acceptable.

The principle enshrined in the disallowance of an indiscreet (*gharar*) deal is very much relevant today. One example will suffice. This is one of the issues that hit the system of insurance prevalent these days. Insurance premium paid by the clientele is known but the benefits available to them from the insurance companies are not certain and quantifiable. This falls under the category of *gharar*. Islamic scholars have suggested the alternative system of *takāful* in order to address this problem, besides

other problems in the conventional insurance arrangements.

The Prophet (peace and blessings of Allah be to him) forbade specific cases where *gharar* was obvious. A study of these cases indicates the principle involved and makes it possible to take a decision about specific cases of business and trade prevalent in our times.

We can consider a case referred to in a tradition about the deal of purchase of fish without specification about the quantity and quality before fishing is actually done. A person offers a price for all the fish caught by a fisherman any day. As the subject matter of the deal (i.e. fish) is not specified, the deal is not proper.

The related tradition of the Prophet (Peace and blessings of Allah be to him) saying:

عَنْ عَبْدِ اللَّهِ بْنِ مَسْعُودٍ، قَالَ: قَالَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ: "لَا تَشْتَرُوا السَّمَكَ فِي الْمَاءِ، فَإِنَّهُ غَرَرٌ"

"do not purchase fish while it is in water because it has (element of) gharar (uncertainty)" is not strong as to the chain of persons through which it has been recorded but the content of the tradition is agreed by all scholars because it conforms many other traditions and is in line with the teachings of the Prophet (peace and blessings of Allah be to him) on the subject. [Related by Abdullah Ibn Mas'ūd (may Allah be pleased with him) and Reported by Ahmad (377/1)]

It would be another matter if a person is hired for one day and assigned the job of fishing and all the fish caught by him is rightfully taken. The catch may be more or less or may be abnormally high or naught. The difference lies in the nature of arrangement. Here the arrangement relates to hiring services of a person whereas in the case of the

above mentioned deal the arrangement is that of purchase and sale. Both the types of deal are guided by a separate set of rules. As the rights and duties and obligations and responsibilities, in both the cases, are mutually exclusive, validity or otherwise of the deal in both the cases is also mutually exclusive.

In the first case the quantum of the subject matter of the deal, namely fish, to be available to one party is in doubt whereas benefit of the other party, namely price, is quantified. The deal becomes doubtful (*gharar*). In the other case the subject matter of the deal is the usufruct, the labour of one party, and the person assigned the job of fishing gets paid for that. The other party gets this service as agreed.

GAMING IS TABOO IN ISLAM

Transparency is the hallmark of all Islamic deals. Islam stands for clarity in affairs where every party to a deal enters into it knowing well his respective cost and benefit. If the cost or benefit of any or both the parties are ambiguous, Islam would distaste that situation. It is true that business deals entail risk as risk-free business transaction is seldom possible. Entrepreneurs analyse situation and take calculated risk and take all sensible measures to avoid the ill effects of uncertainties and thereby earn profit. This is the art of earning profit where the possibility of loss is overcome and contingencies avoided. However, in a bid to make easy profit, some people devise schemes that cannot be justified in the name of inherent risk in business transactions. Such schemes ensure that the schemer gets almost all, if not all, and the persons trapped in the web of his scheme are always losers. This is gambling and Islam prohibits it. It is forbidden and outlawed.

Two separate Arabic words, *Maysir* and *Qimār*, are used for gambling. The former word has been mentioned twice in the Qur'ān in Chapters 2 and 5 as under.

يَسْأَلُونَكَ عَنِ الْخَمْرِ وَالْمَيْسِرِ قُلْ فِيهِمَا إِثْمٌ كَبِيرٌ وَمَنَافِعُ
لِلنَّاسِ وَإِثْمُهُمَا أَكْبَرُ مِنْ نَفْعِهِمَا وَيَسْأَلُونَكَ مَاذَا يُنْفِقُونَ قُلِ
الْعَفْوُ كَذَلِكَ يُبَيِّنُ اللَّهُ لَكُمْ الْآيَاتِ لَعَلَّكُمْ تَتَفَكَّرُونَ

They question thee about strong drink and games of chance. Say: in both is great sin, and (some) utility for men; but the sin of them is greater than their usefulness.
[The Qur'ān 2:219]

يَا أَيُّهَا الَّذِينَ آمَنُوا إِنَّمَا الْخَمْرُ وَالْمَيْسِرُ وَالْأَنْصَابُ وَالْأَزْلَامُ
رَجْسٌ مِّنْ عَمَلِ الشَّيْطَانِ فَاجْتَنِبُوهُ لَعَلَّكُمْ تُفْلِحُونَ

O ye who believe! Strong drink and games of chance and idol and divining arrows are only an infamy of Satan's handiwork. Leave it aside in order that ye may succeed.
[The Qur'ān 5:90]

In the above translations Mohammed Marmaduke Pickthall has translated the words *Khamr* and *Maysir* as 'strong drink' and 'games of chance' respectively. Other translators have used the words 'wine' and 'gambling.'

Maysir, in fact, is a particular form of game of chance played with arrows. It was a form of betting prevalent in Arabia. All forms of betting practised in Arabia became taboo for good. Nobody interpreted that as a particular form has been prohibited so other forms are not disallowed. The intention of the commandment was clear and Prophet Muḥammad (peace and blessings of Allah be to him) conveyed these commandments of Allah and the followers practised them in their true letter and spirit. All

intoxications (call it wine or strong drink or by any other name) and forms of gaming (*maysir* or other forms) were stopped in one go.

The first verse, above, says that intoxications and gaming have utility too, but their harms exceed their usefulness. The second verse informs the cause of their harm that these are handiwork of Satan. The eternal enemy of man, Satan, is out to harm him and these two are part of his arsenal.

Anything forbidden does not mean that it has cent per cent harmful ingredients and so has no benefit. But the guiding principle is whether its harm exceeds its benefit or not. If it is more harmful than useful then keep it at bay.

It is interesting to note the exegesis (*tafsīr*) of Ibn Kathīr for the verse 5:90 of the Qur'ān.

وَقَدْ وَرَدَ عَنْ أَمِيرِ الْمُؤْمِنِينَ عَلِيِّ بْنِ أَبِي طَالِبٍ أَنَّهُ قَالَ:
الشَّطْرَنْجُ مِنَ الْمَيْسِرِ. رَوَاهُ ابْنُ أَبِي حَاتِمٍ. وَقَالَ ابْنُ أَبِي حَاتِمٍ
: عَنْ عَطَاءٍ وَمُجَاهِدٍ وَطَاوُسٍ قَالَ سَقِيَانُ: أَوْ اثْنَيْنِ مِنْهُمْ.
قَالُوا: كُلُّ شَيْءٍ مِنَ الْقِمَارِ فَهُوَ مِنَ الْمَيْسِرِ، حَتَّى لَعِبِ
الصَّبْيَانِ بِالْجَوْزِ. وَعَنْ ابْنِ عُمرَ قَالَ: الْمَيْسِرُ هُوَ الْقِمَارُ. وَقَالَ
الضَّحَّاكُ، عَنْ ابْنِ عَبَّاسٍ قَالَ: الْمَيْسِرُ هُوَ الْقِمَارُ، كَانُوا
يَتَقَامَرُونَ فِي الْجَاهِلِيَّةِ إِلَى مَجِيءِ الْإِسْلَامِ، فَنَهَاَهُمُ اللَّهُ عَنْ
هَذِهِ الْأَخْلَاقِ الْقَبِيحَةِ.

Ibn Abī Hātim recorded that 'Ali ibn Abī Tālib, the leader of the faithful, said that chess is a type of gambling. Ibn Abī Hātim recorded that 'Atā, Mujāhid and Tāūs, or, two of them, said that every type of gambling, including children's playing with (a certain type of) nuts, is Maysir. Ibn 'Umar said that Al-

Maysir means gambling, and this is the same statement that Ad-Ḍaḥḥāk reported from Ibn ‘Abbās, who added, “They used to gamble during the time of Jāhiliyyah, until Islam came. Allah then forbade them from this evil behaviour.”

There is much scope of discussion on the exegesis of Ibn Kathīr because he is known to collect and record a number of traditions of the Prophet (peace and blessings of Allah be to him) and his exalted companions without any discussion as to the quality of the traditions itself. Ibn Kathīr has done a wonderful job of compilations. What Ibn Kathīr has quoted relates to the opinions of the companions of the Prophet (peace and blessings of Allah be to him), not exactly any tradition of the Prophet (peace and blessings of Allah be to him). Experts have debated about involvement or otherwise of *maysir* in competitive games like horse races, or board games like chess. These discussions go far beyond our own present concern about what comprises gambling in business deals.

MAYSIR AND QIMĀR

As regards business deals experts have differentiated between *Maysir* and *Qimār*. The line of demarcation between the two is thin. *Maysir* is less severe than *Qimār*. As the Qur’ān has forbidden a less severe thing the more intense forms of gaming itself become more undesirable. [Dr. Maḥmūd Aḥmad Ghāzī, *Muḥāḍarāt-e-ma‘īshat-o-tijārat*, Arīb Publications, New Delhi, 2011, Page 238]

Maysir is involved where the gain of one party to a deal is dependent on chance. Here anyone may be the beneficiary based on [the proverbial] ‘luck’ or by fluke. *Qimār* is involved where the gain of one party is at the cost of the other. In a business deal both the parties enter into for their mutually exclusive benefits but in the case of

this dubious arrangement and trade one party loses and the other party gains. This take-all and give-none deal is not acceptable in Islam.

It may be noted that *Maysir* (gambling) and *Gharar* (ambiguity/misleading deal) are inter-related. Where there are elements of *Gharar*, elements of *Maysir* is usually present. A person who is ultimately going to lose in a gaming either thinks that his luck will favour and he will win or he is not aware of the ambiguity involved in it. Both the cases are unhealthy and unwanted.

DEAL IN FULL LIGHT OF KNOWLEDGE

Dearth of information on any important fact may make a business deal legally voidable. And the party may find himself badly hit by the misinformation or wrong information may assert his right to cancel the deal or claim compensation. Islamic scholars use the term *jahl* for such informational lacunae. To be more specific, the experts use the expression "*jahl mufḍī ilā al-nizā'*" (lack of information leading to dispute). The reason behind such qualification of the term is that full information of all intricacies of the subject matter of the business deal in question is neither possible nor desirable. Every piece of information is not the cause of dispute. Hence, absence of relevant and important information that makes a business deal weak and subject to cancellation or leads to claim of compensation is the undesirable *jahl*. In the modern business parlance this is referred to as the material information. It is incumbent upon the party providing the subject matter of a business deal to pass on all material information.

It is interesting to know that modern economic theories presuppose a dealer in the market, purchaser or buyer to have full knowledge. An economic man is a

knowledgeable person who knows the product, its price and other basic information. A seller does not have to inform the buyer about the weaknesses of his product. On the other hand, Islam obliges the seller to inform the buyer about its weakness. Following tradition describes this:

عَنْ وَائِلَةَ بْنِ الْأَسْقَعِ، قَالَ: سَمِعْتُ رَسُولَ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ، يَقُولُ: «مَنْ بَاعَ عَيْبًا لَمْ يُبَيِّنْهُ، لَمْ يَزَلْ فِي مَقْتِ اللَّهِ، وَلَمْ تَزَلِ الْمَلَائِكَةُ تَلْعَنُهُ»

Wāthilah ibn Asqa' related that the Prophet (peace and blessings of Allah be to him) said: If anyone sells a defective article without pointing it out, he will come under Allah's anger. [Reported by Ibn Mājā (2247)]

A number of traditions of the Prophet (peace and blessings of Allah be to him) may be cited on the topic including the following:

عَنْ عُقْبَةَ بْنِ عَامِرٍ، قَالَ: سَمِعْتُ رَسُولَ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ، يَقُولُ: «الْمُسْلِمُ أَخُو الْمُسْلِمِ، وَلَا يَحِلُّ لِمُسْلِمٍ بَاعَ مِنْ أَخِيهِ بَيْعًا فِيهِ عَيْبٌ إِلَّا بَيَّنَّهُ لَهُ»

‘Uqbah ibn ‘Āmir [may Allah be pleased with him] reported that the Prophet (peace and blessings of Allah be to him) said: Muslims are each other's brother. It is not proper for a Muslim to sell any defective product to his brother without pointing out the defect. [Reported by Ibn Mājā (2246)]

PURCHASING OUTSIDE THE MARKETPLACE

Prices are known in market. A deal outside the marketplace done where the seller is not aware of the correct price of the thing in market on a particular day

may fall within the category of deal in darkness. Negotiation of the price is permitted but the seller should not be in darkness about the prevailing market condition. If he is misinformed or he is not let to know the market price, the deal may fall in the category of the *jahl* that the Prophet (peace and blessings of Allah be to him) has forbidden. Perhaps this was the reason that the Prophet (peace and blessings of Allah be to him) forbade purchasing of provisions from villagers before they reach the proper market. A number of traditions of the Prophet (peace and blessings of Allah be to him) have described this forbiddance.

عَنْ عَبْدِ اللَّهِ بْنِ عُمَرَ رَضِيَ اللَّهُ عَنْهُمَا، قَالَ: «نَهَى رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ أَنْ يَبِيعَ حَاضِرٌ لِبَادٍ»

'Abdullah ibn 'Umar (may Allah be pleased with them) reported that the Prophet (peace and blessings of Allah be to him) forbade an urbanite to purchase/sell (bay') the product of a villager. [Reported by Bukhārī(2159), Nasā'ī(206/4)]

عَنْ ابْنِ عَبَّاسٍ رَضِيَ اللَّهُ عَنْهُمَا، قَالَ: قَالَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ: «لَا يَبِيعُ حَاضِرٌ لِبَادٍ»

'Abdullah ibn 'Abbas (may Allah be pleased with them) reported that the Prophet (peace and blessings of Allah be to him) forbade an urbanite to purchase/sell (bay') the product of a villager. [Reported by Bukhārī(2158)]

The following tradition is more emphatic:

قَالَ أَنَسُ بْنُ مَالِكٍ رَضِيَ اللَّهُ عَنْهُ: «نَهَيْنَا أَنْ يَبِيعَ حَاضِرٌ لِبَادٍ»

Anas (may Allah be pleased with him) reported that the Prophet (peace and blessings of Allah be to him) forbade an urbanite to purchase/sell (bay') the product of a villager, even if he be his own brother. [Reported by Bukhārī (2161), Ibn Mājā (2176), Bayhaqī (346/5)]

In all the above forbidding traditions the word *bay'* stands for transaction that encompasses both purchase and sale. If we take it in the meaning of purchase, it would mean that let the villager come to market and know the conditions so that he may sell his provisions in full knowledge. If we take it in the meaning of sale, it would mean becoming agent of the villager for later sale in market. When we say 'villager', we mean a person who does not know much and one who is not matured enough to deal with a wise urbanite. Transactions should be in full knowledge and any situation where a person is befooled because of his simpleton nature has to be avoided.

Another set of traditions may be cited in proof of this discouragement of business transactions outside market without letting the seller be aware of the demand and supply position in market and their resulting effect on prices.

عَنْ ابْنِ عَبَّاسٍ رَضِيَ اللَّهُ عَنْهُمَا، قَالَ: قَالَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ: «لَا تَلْقُوا الرُّكْبَانَ»

Ibn 'Abbās (may Allah be pleased with him) reported that the Prophet (peace and blessings of Allah be to him) said: do not meet the caravans by approaching them en-route while they are coming with trading goods. [Reported by Bukhārī (2158), Muslim (1521), Abū Dāūd (3439), Ibn Mājā (2177), Ahmad (368/1)]

عَنْ ابْنِ سِيرِينَ، قَالَ: سَمِعْتُ أَبَا هُرَيْرَةَ، يَقُولُ: إِنَّ رَسُولَ
 اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ قَالَ: «لَا تَلْقُوا الْجَلْبَ، فَمَنْ تَلَقَّاهُ
 فَاشْتَرَى مِنْهُ، فَإِذَا أَتَى سَيِّدَهُ السُّوقَ، فَهُوَ بِالْخِيَارِ»

Abū Huraira (may Allah be pleased with him) reported that the Prophet (peace and blessings of Allah be to him) said: do not contact the caravans bringing food items from outside to the city (market) by going out. If any purchase is made before the arrival of goods in market the seller will have the option (of honouring or rejecting the deal). [Reported by Muslim (1519), Abū Dāūd (3437), Aḥmad (487/2), Tirmidhī (1221), Nasā'ī (257/7), Ibn Mājah (2178)]

The guiding principle in all the above mentioned traditions of Prophet Muhammad (peace and blessings of Allah be to him) is that transaction between two or more parties should be above board and blemish-free, leaving no scope for confusion, fraud or distrust. Islam does not presuppose 'all-knowing-rational economic man' but it intends to elevate man to that position.

EMBARGO ON TRADING TOOLS TO TRAP CUSTOMERS

Islam discourages all forms of fraudulent practices including misrepresentation and wrong description of products. Islamic scholars have described these wrong and prohibited practices under the heads of *tadlīs*, *taghrīr*, *ghaban*, and *khilābah*.

TADLĪS

It means misrepresentation. It is a situation where the seller of any product does not intentionally describe its correct quality. Obviously, such non-information about

the correct quality of a product is intended to cover up any basic and relevant defect in the product; a defect if known to the buyer may affect his decision to purchase the product. Such non-description of the correct quality may fall in the category of *jahl mufdī ilā al-nizā'* (lack of material information leading to dispute).

TAGHRĪR

It means false description of goods. It is one step ahead in fraud than *tadlīs*. Misleading or telling lies about any product is a bigger crime than not merely informing about any inherent defect in it. A number of traditions of the Prophet (peace and blessings of Allah be to him) have denounced this tendency of telling lies.

عن واثلة بن الاسقع قال كَانَ رَسُولُ اللَّهِ يَخْرُجُ إِلَيْنَا وَكُنَّا تِجَارًا وَكَانَ يَقُولُ: «يَا مَعْشَرَ التَّجَارِ، إِنِّي أُنْكُمُ وَالْكَذِبَ

It was reported by Wāthilah ibn Asqa' (may Allah be pleased with him) that the Prophet (peace and blessings of Allah be to him) visited our group of businessmen and said: O businessmen! Desist from lies. [Reported by Tabarānī]

قَالَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ: " إِنَّ التَّجَارَ هُمُ الْفَجَارُ
" قَالُوا: يَا رَسُولَ اللَّهِ، أَلَيْسَ قَدْ أَحَلَّ اللَّهُ الْبَيْعَ، وَحَرَّمَ الرِّبَا؟
قَالَ: " بَلَى وَلَكِنَّهُمْ يَخْلِفُونَ وَيَأْتُمُونَ "

Prophet Muḥammad (peace and blessings of Allah be to him) said: surely businessmen are sinners. People asked the Prophet, O Apostle of Allah! Hasn't Allah made a business lawful? The Prophet replied: Of course! But these people become sinners by

swearing; and tell lies when they speak. [Reported by *Aḥmad* (428/4, 444), *Ḥakīm* (6/2)]

One method adopted by sellers to impress upon buyers is excessive swearing. The Prophet (peace and blessings of Allah be to him) in a number of traditions has discouraged this method.

عَنْ أَبِي ذَرٍّ، عَنِ النَّبِيِّ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ قَالَ: «ثَلَاثَةٌ لَا يُكَلِّمُهُمُ اللَّهُ يَوْمَ الْقِيَامَةِ، وَلَا يَنْظُرُ إِلَيْهِمْ وَلَا يُزَكِّيهِمْ وَلَهُمْ عَذَابٌ أَلِيمٌ» قَالَ: فَقَرَأَهَا رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ ثَلَاثَ مَرَارٍ، قَالَ أَبُو ذَرٍّ: خَابُوا وَخَسِرُوا، مَنْ هُمْ يَا رَسُولَ اللَّهِ؟ قَالَ: «الْمُسْبِلُ، وَالْمَنَانُ، وَالْمُنْفِقُ سِلْعَتُهُ بِالْحَلِفِ الْكَاذِبِ»

Prophet Muḥammad (peace and blessings of Allah be to him) said: Allah will not care for, nor talk to, nor purify three types of persons on the Day of Judgement, rather, Allah will punish them severely, one of whom would be one who sells (his wares) with false swearing. [Reported by *Muslim*: 171)]

عَنْ سَلْمَانَ رَضِيَ اللَّهُ عَنْهُ قَالَ: قَالَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ: "ثَلَاثَةٌ لَا يَنْظُرُ اللَّهُ إِلَيْهِمْ يَوْمَ الْقِيَامَةِ: أَشِيمُطُ زَانَ، وَعَائِلٌ مُسْتَكْبِرٌ، وَرَجُلٌ جَعَلَ اللَّهُ بَضَاعَةَ، لَا يَشْتَرِي إِلَّا بِيَمِينِهِ، وَلَا يَبِيعُ إِلَّا بِيَمِينِهِ"

Salmān (may Allah be pleased with him) reported that Prophet Muḥammad (peace and blessings of Allah be to him) said: Allah will not care for three persons;

aged sinner; proud beggar, and a person whom Allah has given goods (wealth) and he neither purchases without swearing nor sells without swearing. [Reported by Ṭabarānī]

عَنْ أَبِي قَتَادَةَ الْأَنْصَارِيِّ، أَنَّهُ سَمِعَ رَسُولَ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ يَقُولُ: «إِيَّاكُمْ وَكَثْرَةَ الْحَلْفِ فِي الْبَيْعِ، فَإِنَّهُ يُنْفَقُ، ثُمَّ يَمْحَقُ»

Abī Qatādah Ansari(may Allah be pleased with him) reported that Prophet Muḥammad (peace and blessings of Allah be to him) said: avoid excessive swearing in business as although it increases sales, it (ultimately) decreases blessings (barakah). [Reported by Muslim (1607), Ṭabarānī]

GHABAN

It literally *means* embezzlement, cheat, defraud, deceive, swindle and damage wrongly. But Islamic scholars use this term to mean excessive profiteering. Excessive profit is earned either owing to the lack of full information on the part of the buyer or on account of any bad positioning or inconvenience of the buyer. A buyer who is not aware of the market may believe that the price offered by the seller is the prevalent price in market. Alternatively, the buyer may be in dire need of the product and he may not be having the option of refusing the product at any cost. His inconvenience should not be made a source of profit by the seller. This is, undoubtedly, a swindling on the part of the seller.

Theoretically, a seller is free to fix price of his product and he should not be compelled to change it. The buyer is not compelled to purchase from a particular seller. The buyer may purchase from elsewhere if he is getting a

better bargain. But can this free will of a seller to fix the price of his product be absolute. Has the state any authority to regulate prices? This has been debated fervently by Islamic scholars. At a stage when prices were going up the Prophet (peace and blessings of Allah be to him) was asked to fix it but he declined to intervene in the price adjustment by market forces.

عَنْ أَنَسٍ، قَالَ: النَّاسُ يَا رَسُولَ اللَّهِ، غَلَا السَّعْرُ فَسَعَّرْ لَنَا،
فَقَالَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ: «إِنَّ اللَّهَ هُوَ الْمُسَعِّرُ
الْقَابِضُ الْبَاسِطُ الرَّازِقُ، وَإِنِّي لَأَرْجُو أَنْ أَلْقَى اللَّهَ وَلَيْسَ أَحَدٌ
مِنْكُمْ يُطَالِبُنِي بِمَظْلَمَةٍ فِي دَمٍ وَلَا مَالٍ»

Anas ibn Mālik (may Allah be pleased with him) reported that prices shoot up in Madinah and people said, 'O Apostle of Allah! Prices are shooting up; kindly fix their prices for us. The Prophet (peace and blessings of Allah be to him) replied: Prices are determined by Allah and He makes things cheap or costly, He is the Sustainer, I want to meet Allah the exalted in such a condition that none of you may have a claim against me for any injustice done with regard to (anybody's) blood or any property. [Reported by Abū Dāūd(3451), Tirmidī (1314), Ibn Mājā(2200), Dārmī (324/2), Aḥmad (156/3)]

If we describe the content of the above tradition in the current parlance, we may say that as prices are fixed by demand and supply of commodities in market, any interference in these natural forces amounts to injustice and state and other authorities should desist from price fixation as such.

The above tradition is very emphatic and we know that the Prophet (peace and blessings of Allah be to him)

did not fix prices despite requests made by consumers. So many scholars opine that the state should never fix prices and the market mechanism should not be hindered. Several other scholars opine that at times the state may have to resort to price fixation in view of public benefit. The *fiqh* maxim which we have discussed earlier is the guiding factor. "The presence of a particular harm is accepted to ward off a general harm." As society's need take precedence to individual needs, harm to individuals or to lesser number of people will be accepted in order to prevent the harm to the general public.

'Umar, the second Caliph (may Allah be pleased with him) once ordered one trader to either correct his price according to the market or leave the market. The state may intervene to regulate prices either in order to control any market damaging practice or when general public goods demand. In fact, in most of these cases the wrong practices of the sellers' cartel or hoarders or other wrong doers disturb the natural supply and demand of market mechanism and in such cases the authority concerned like the state has no option other than course-correction. Otherwise, free market practices take care of the healthy economy and prospering society.

KHILABĀH

It is a derivative of the word *khalaba* which means to enchant charm, fascinate, captivate, bewitch and coax. In fact, its basic meaning is to seize something with claws. This is the technique used to influence buyers, making them believe that they are purchasing the right products, which in fact may or may not be true. We may call it "sales-talk." It covers both conversation and gestures which are used to attract buyers. The buyers become the prey and the seller preys the gullible ones!

An interesting story is related to this tendency on the part of the seller and the vulnerability of the purchaser.

عَنْ عَبْدِ اللَّهِ بْنِ عُمَرَ رَضِيَ اللَّهُ عَنْهُمَا: أَنَّ رَجُلًا ذَكَرَ لِلنَّبِيِّ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ، أَنَّهُ يُخَدَّعُ فِي الْبُيُوعِ، فَقَالَ: «إِذَا بَايَعْتَ فَقُلْ لَا خِلَابَةَ»

'Abdullah ibn 'Umar (may Allah be pleased with both of them) reported that a man came to the Prophet (peace and blessings of Allah be to him) and said that he was always defrauded in (business) deals. As a simple man he believed what was said (to him) and later found it a fraud. The Prophet replied: while purchasing you should say 'do not befool/defraud (me)' (lā khilābah). [Reported in Bukhārī (2117), Muslim (1533), Abū Dāūd(3500), Nasā'ī (4484), Bayhaqī (273/5), Dār Qutnī (54/3), Hākim (22/2)]

Some of the traditions have the additional words: **I shall have the option (of recalling the deal) for three days.** One scholar has opined that the tradition where this option is given is weak. [*Fiqh al-Hadīth*; Ḥāfiz 'Imrān Ayyūb Lāhorī; Al-Kitāb International; April, 2005; New Delhi; Page 305]

However, many other strong Traditions of the Prophet (peace and blessings of Allah be to him) have given this right of recall to the buyer.

THE CONCEPT OF OPTIONS (KHAYARĀT) IN SALES

Two parties signing a business deal are free to negotiate terms of their transaction while they are in the bargaining process. Once the negotiation session is over and the transaction completed, they have to abide by their mutually agreed terms. However, in certain cases the parties or any one of them may have the option of

renegotiating and, even, cancelling the deal. Such an option of renegotiation or cancellation of the already agreed and executed deal is known as *khayarāt*. The tradition wherein a person was asked to announce that there shall be no fraud with him (*lā khilābah*) and that he shall have the option of returning the goods within three days is a proof of such a conditional sale. This is also supported by a number of other traditions.

عَنْ عَمْرِو بْنِ شُعَيْبٍ، عَنْ أَبِيهِ، عَنْ عَبْدِ اللَّهِ بْنِ عَمْرٍو بْنِ
الْعَاصِ، أَنَّ رَسُولَ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ قَالَ: «الْمُتَبَايِعَانِ
بِالْخِيَارِ مَا لَمْ يَفْتَرَقَا، إِلَّا أَنْ تَكُونَ صَفَقَةً خِيَارٍ، وَلَا يَحِلُّ لَهُ
أَنْ يُفَارِقَ صَاحِبَهُ خَشْيَةً أَنْ يَسْتَقِيلَهُ»

The Prophet (peace and blessings of Allah be to him) said: the purchaser and the seller have the authority till they depart except when there is an optional/conditional deal and they should not depart in a hurry because of the possibility of return of goods. [Reported by 'Amr ibn Shu'ayb in Abā Dāūd(3456), Tirmidī (1247), Nasā'ī (4483), Aḥmad (183/2), Dār Qutnī (50/3), Bayḥaqī (271/4)]

Another tradition reports that the Prophet said:

عَنْ ابْنِ عُمَرَ رَضِيَ اللَّهُ عَنْهُمَا، عَنِ النَّبِيِّ صَلَّى اللَّهُ عَلَيْهِ
وَسَلَّمَ، قَالَ: إِنَّ «الْمُتَبَايِعِينَ بِالْخِيَارِ فِي بَيْنَهُمَا مَا لَمْ يَفْتَرَقَا،
أَوْ يَكُونَ الْبَيْعُ خِيَارًا»

there is no deal between two persons till they depart save in the case of optional deal (bay' al-khayār). [Reported by Bukhārī (2107), Abū Dāūd (3454), Nasā'ī (4465), Tirmidī (1245), Ibn Mājā (2181)]

These traditions mean that two persons have the right to change the conditions of a deal till they depart. Once the deal is closed and they depart, the terms of the deal will be binding upon both parties. However, if the terms of the deal include the option of renegotiation or cancellation, that would operate.

In some other cases too the option of renegotiation, cancellation and, even, claim of damage will be available to the dissenting/suffering party. Scholars have described those conditions under following headings.

Khayār-i-‘ayb (Option when the product is defective): If there was any defect in the product even when the product was with the seller and the buyer noticed it after purchase, the buyer has the option of returning it within three days. The period of three days within which this option is available is derived from the tradition wherein the Prophet (peace and blessings of Allah be to him) asked a companion to announce while purchasing that he will have right to renounce the deal within three days. This period may vary from case to case. For example, in the case of green vegetables the return may be required to be done the same day. In other words, we may understand that the right to return goods will be available up to a reasonable period if the product sold is defective. Instead of sticking to the sanctity of ‘three days,’ one may mean it to a genuine period of time justifiable with regard to the nature of product and market practices (*‘urf*) at a particular point of time. Some scholars opine that the period of three days is the maximum limit.

An option where purchasing was done without seeing the goods (*khayār-i-rūyat*): If something has been purchased without seeing the goods, the purchaser may have the option of either accepting or rejecting the commodity after seeing it.

عن أبي هريرة رضي الله عنه قال قال رسول الله صلى الله عليه وسلم «من اشترى ما لم يره فله الخيار اذا راه»

Abu Hurayrah reported that the Prophet (peace and blessings of Allah be to him) said: if anyone has purchased something without seeing, he has the option (khayār) after seeing that (commodity). [Reported by Dār Quṭnī (4/3), Bayhaqī (268/5)]

However, the above mentioned tradition is not very strong. This cannot be referred to as the final verdict on the issue. It may be taken as corroborative evidence, if the conditions of the deal or the market practice ('urf) are in its support.

Option of choosing desirable product from the lot (*khayār-i-ta'ayyun*): A buyer has the option of selecting a desirable product out of the available lot if the particular product has not been indicated in the deal. For example, out of a lot of cars of different colours of the same quality in a store, a buyer may choose any particular car of a particular colour of his choice.

No exhaustive list of all possible options (*khayarāt*) is intended to be provided. The above discussion shows that the concept of options is intended to safeguard the interest of the dealers of a business transaction.

HOARDING (IḤTIKĀR)

Islam considers hoarding (*iḥtikār*) to be very abhorring and obnoxious. Hoarding is the practice of keeping something in store and not bringing the same to the market so that prices may rise owing to this artificial dearth of supply in the market.

عَنْ مَعْمَرِ بْنِ عَبْدِ اللَّهِ قَالَ: قَالَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ: «لَا يَحْتَكِرُ إِلَّا خَاطِيٌّ»

Ma'mar ibn 'Abdullah (may Allah be pleased with him) reported that the Prophet (peace and blessings of Allah be to him) said: no one does hoarding (ih̥tikār) except the sinner. [Recorded by Muslim (1605), Abū Dāūd (3447), Tirmidhī (1267), Ibn Mājā (2154), Aḥmad (400/6), Dārmī (248/2)]

This tradition means that hoarding is such a known hateful practice that it is adopted only by a confirmed sinner. Human nature abhors it and it can be flouted only by a criminal.

عَنْ ابْنِ عُمَرَ، عَنِ النَّبِيِّ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ: «مَنْ احْتَكَرَ
طَعَامًا أَرْبَعِينَ لَيْلَةً، فَقَدْ بَرِئَ مِنَ اللَّهِ تَعَالَى، وَبَرِئَ اللَّهُ تَعَالَى
مِنْهُ»

'Abdullah ibn 'Umar (may Allah be pleased with both of them) reported that the Prophet (peace and blessings of Allah be to him) said: a person who does hoarding (continuously) for forty nights abandons Allah and will be (in return) abandoned by Allah. [Recorded by Aḥmad (33/2), Ḥakīm (11/2)]

عَنْ عُمَرَ بْنِ الْخَطَّابِ، قَالَ: سَمِعْتُ رَسُولَ اللَّهِ صَلَّى اللَّهُ
عَلَيْهِ وَسَلَّمَ، يَقُولُ: «مَنْ احْتَكَرَ عَلَى الْمُسْلِمِينَ طَعَامَهُمْ،
ضَرَبَهُ اللَّهُ بِالْجَذَامِ وَالْإِفْلَاسِ»

'Umar (may Allah be pleased with him) reported that the Prophet (peace and blessings of Allah be to him) said: Allah will inflict with leprosy and poverty a person who does hoarding of food items from the masses. [Reported by Ibn Mājā (2155)]

The first mentioned tradition announces that a hoarder is a confirmed sinner/criminal. The second tradition talks that Allah will forsake a hoarder and the last mentioned

tradition informs that a hoarder, the criminal; will not prosper and Allah will punish him severely in this world too, in addition to the punishment hereafter.

The last mentioned tradition qualifies the word *ihtikār* to hoarding of food items. Ma'mar ibn 'Abdullah (may Allah be pleased with him), the companion who reported the first mentioned tradition, opined that *ihtikār* refers only to hoarding of food items. However, Islamic scholars in general do not agree with this qualification of the word and opine that it refers to all items that are cause of severe concern and pain to the people in general. Suffering of masses is not tolerable and hoarding of any item that causes and adds this grief and misery is not tolerable.

RIGHT TO EARN PROFIT

This is a very basic question. Who has the right to gain income and earn profit? What is the basis of this right? The tradition gives a very short, meaningful and exact answer. It provides one of the most crucial and basic principles of business transaction in Islam.

عَنْ عَائِشَةَ قَالَتْ: " قَضَى رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ:
أَنَّ الْخَرَاجَ بِالضَّمَّانِ "

The Prophet (peace and blessings of Allah be to him) said: right to earn is linked with risk-bearing (Al kharāj bi'lḍamān). [Reported by Dār Quṭnī (53/3), Hākim (15/2), Tirmidī (1280), Nasā'ī (4490), Ibn Mājā (2242)]

This tradition comprises two key words; *kharaj* and *ḍamān*. It is useful to understand these key words so that full meaning of the tradition may be understood and appreciated.

Kharāj is something which is due to someone, something that someone needs, desires or deserves. For example, tax due to the state like land tax is known as *kharāj*. Profit is *kharāj* because it is due to someone who needs and desires it. It is paid to him not only because of his needs or desires as it would be a charity which one may or may not oblige. But profit is payable to a person because he deserves it; it is his right.

damān, in a dictionary, is referred to as responsibility, guarantee, warrant, surety, security and liability.

Liability refers to the risk on account of loss or damage of something. A person who is responsible for something carries its liability and risk. The basis of deserving income out of something means that the person has the right to possession of that thing. Compensation is required for transfer of his possession. This compensation for transfer of the right is *kharāj*. Alternatively, a person may transfer his possession out of charity or as a gift, foregoing this right. Along with the transfer of possession of something the responsibility and liability (*damān*) on account of that thing is also transferred. So the right to profit is linked with possession which entails liability and risk. This is exactly the meaning of the tradition: *Al kharāj bi'l damān*.

Another tradition is more speaking and direct on the subject.

عَنْ عَمْرِو بْنِ شُعَيْبٍ، عَنْ أَبِيهِ، عَنْ جَدِّهِ، «أَنَّ رَسُولَ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ نَهَى عَنْ رِبْحٍ مَا لَمْ يُضْمَنْ»

'Amr ibn Shu'ayb reported from his father who reported from his ('Amr's) grandfather that the Prophet (peace and blessings of Allah be to him) said: there is no profit (*lā ribha*) for (the person) that

bears no risk (mā lam yaḍman). [Reported by Nasā'ī: 4629, Tirmidhī: 1234]

The converse of the above principle is also true. A person has no right of earning profit on transfer of something which he does not possess and so has no risk therefor. So one cannot sell something on which he has no right to possession and does not carry the consequent risk on account of damage or loss of that thing. This principle is elaborated in the following traditions of the Prophet (peace and blessings of Allah be to him).

عَنْ عَمْرِو بْنِ شُعَيْبٍ، عَنْ أَبِيهِ، عَنْ جَدِّهِ قَالَ: " نَهَى رَسُولُ
اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ عَنْ بَيْعِ مَا لَيْسَ عِنْدَكَ "

'Amr ibn Shu'ayb reported from his father who reported from his ('Amr's) grandfather that the Prophet (peace and blessings of Allah be to him) said: It is not permitted to sell what you do not have/possess. [Reported by Dar Quṭnī (57/3), Hākim (17/2), Aḥmad (186/2)]

عَنْ حَكِيمِ بْنِ حِزَامٍ، قَالَ: يَا رَسُولَ اللَّهِ، يَأْتِينِي الرَّجُلُ فِيرِيدُ
مِنِّي الْبَيْعَ لَيْسَ عِنْدِي أَقَابَتَاغُهُ لَهُ مِنَ السُّوقِ؟ فَقَالَ: «لَا تَبِعْ
مَا لَيْسَ عِنْدَكَ»

Hakīm ibn Hizām (may Allah be pleased with him) said that he asked, "O Apostle of Allah! A person comes to me to purchase something which I do not have. I purchase that thing from market and sell to him." The Prophet (peace and blessings of Allah be to him) replied: "do not sell something which you do not have." [Reported by Abū Dāūd (3503), Nasā'ī (279/7), Ibn Māajā (2187), Aḥmad (402/3), Bayhaqī (317/5)]

It is an interesting situation. The question is that whether a deal is in order where a person sells something that belongs to any other person, and that other person agrees to that deal. One group of Islamic scholars opine that the deal will now become in order. However, another expert opinion is that the deal is wrong from the beginning (void *ab-initio*).

Above mentioned traditions highlight that one should sell something after its possession. A number of traditions have specifically forbidden selling food grains before purchasing them.

قَالَ ابْنُ عَبَّاسٍ: وَأُحْسِبُ كُلَّ شَيْءٍ مِثْلَهُ،

Ibn 'Abbās (may Allah be pleased with him) opined that this ruling is true for all other items [Reported by Bukhārī (2135), Muslim (1525)].

However, Islamic scholars have understood and construed above traditions differently. As regards food grains, they agree that the sale should occur only after physical possession subsequent to purchase. Regarding other items there is a difference of opinions. The question that arises is regarding the concept of possession itself. It need not be always physical, as “Constructive Possession” also entails the risk of loss which is the basis of disposing something and getting benefit therefrom. The litmus test is that if a person bears to suffer loss of anything, he is the rightful owner of that thing and he can sell that. Such a moment may arrive before that item comes under his physical possession; that particular possession may be referred to as the “Constructive Possession.”

CONFLICTING BUSINESS DEALS

Islam stands for clarity in business deals and discourages all possibilities of confusion. One such case

forbidden in traditions of the Prophet (peace and blessings of Allah be to him) is two-in-one deal.

عَنْ أَبِي هُرَيْرَةَ قَالَ: «نَهَى رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ عَنْ بَيْعَتَيْنِ فِي بَيْعَةٍ»

Abu Hurayrah (may Allah be pleased with him) reported that the Prophet (peace and blessings of Allah be to him) forbade two-in-one transaction. [Reported by Tirmidhī (1231), Nasā'ī (4232), Ahmad (432/2)]

عَنْ أَبِي هُرَيْرَةَ، قَالَ: قَالَ النَّبِيُّ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ: «مَنْ بَاعَ بَيْعَتَيْنِ فِي بَيْعَةٍ، فَلَهُ أَوْكُسُهُمَا أَوْ الرِّبَا»

Another tradition reported in Abū Dāūd adds that the Prophet (peace and blessings of Allah be to him) said: if anyone keeps two prices for one product, he should charge the lower price; otherwise it would become interest. [Abū Dāūd (3461)]

Obviously, forbiddance of two-in-one transactions would also cover transactions more than two-in-one too.

Every transaction should be complete and its performance should not be linked to any other transaction. For example, if one enters into a deal with somebody for purchase of item 'A' on the condition that that person will sell to him item 'B', the transaction would not be correct. Deal for purchase and sale of both the items 'A' and 'B' should be done separately without making one a precondition for the other. This is the exact meaning of forbidding two-in-one-transaction.

The other tradition relating to keeping two prices of one product has one simple and straight meaning. The buyer and seller should know clearly at what price they

are transacting and the seller should charge the lower price if he has confused the deal with more than one price. Some scholars have understood from this tradition that there cannot be a system wherein the seller keeps different prices for cash and for credit sale. If the price of a product is higher in the case of sale on credit than that on cash, the differential will be interest, according to this interpretation. Other scholars do not agree with this interpretation and they justify differences in prices between cash and credit sales. They even justify different prices for different credit periods.

The difference of opinion among Islamic scholars, as mentioned above, has assumed importance owing to the growth of Islamic finance, particularly Islamic banking. Not less than two-thirds of the business of Islamic banking is being done on the basis of mark-up financing comprising trade finance by *murābaḥah* (cost plus contracts) wherein different prices for different instalments spanning different periods are determined. For all practical purposes, Islamic finance, as practised today, is not possible on the concept of negating this price differential. What the tradition has described as a wrong practice is the confusion between buyers and sellers about the price of a product. At the close of a deal both should know clearly what they have dealt and agreed. In fact, the above mentioned tradition has not talked about credit sales as such. It refers to a situation where the seller is keeping more than one price for the same product.

Justice Mufti Muhammad Taqī 'Usmānī has described this opinion as under:

"...it is allowed for the seller, at the time of bargaining, to say to the purchaser, 'If you purchase the commodity on cash payment, the price would be Rs.100/- and if you purchase it on a credit of six months, the price

would be Rs.110/-.' But the purchaser has to select either of the two options....However, if either of the two options is not determined in specific terms; the sale would not be valid." [An Introduction to Islamic Finance; published by Natamkar Fārūq Aḥmed; Chennai, 2011 edition, p. 117]

Justice Taqī 'Usmānī has further opined that the sale would be valid even in the case where the seller determines different prices in instalment sales for different maturity periods and the purchaser chooses one of those. [Ibid, pp. 117-118]

In short, every deal should be on one-to-one basis, avoiding any deal with conflicting and overlapping conditions. Further, price should be determined at the time of the deal avoiding all possibilities of ambiguity and confusion.

INTEREST (*RIBĀ*) IN BUSINESS TRANSACTIONS

Islam is very emphatic about discouraging interest in business deals. Once an amount becomes due, it cannot be increased and no undue benefit in cash or kind or any type of favour beyond the counter-value can be demanded. All scopes of offer of price, its negotiation and acceptance are available before completion of a business deal. But once the price is determined, business action takes place and consequently an amount becomes payable by one party and receivable by the other, no further increase on account of factors like delay in payment is permitted.

Interest has been prohibited in both the Qur'ān and the traditions of the Prophet (peace and blessings of Allah be to him).

THE QUR'AN ON INTEREST

The Qur'ānic injunctions are in the following verses:

وَمَا آتَيْتُمْ مِنْ رَبًّا لِيَرْبُوَ فِي أَمْوَالِ النَّاسِ فَلَا يَرْبُو عِنْدَ اللَّهِ
وَمَا آتَيْتُمْ مِنْ زَكَاةٍ تُرِيدُونَ وَجْهَ اللَّهِ فَأُولَئِكَ هُمُ الْمُضْغِفُونَ

"That which you give in usury in order that it may increase on (other) people's property has no increase with Allah; but that which you give in charity, seeking Allah's countenance, has increase manifold." [30:39]

فَبِظُلْمٍ مِنَ الَّذِينَ هَادُوا حَرَّمْنَا عَلَيْهِمْ طَيِّبَاتٍ أُحِلَّتْ لَهُمْ
وَبَصَدَّهِمْ عَنْ سَبِيلِ اللَّهِ كَثِيرًا (160) وَأَخَذَهُمُ الرَّبُّ وَقَدْ نُهُوا
عَنْهُ وَأَكْلِهِمْ أَمْوَالَ النَّاسِ بِالْبَاطِلِ وَأَعْتَدْنَا لِلْكَافِرِينَ مِنْهُمْ
عَذَابًا أَلِيمًا (161)

"Because of the wrongdoings of the Jews We forbade them good things which were (before) made lawful unto them, and because of their much hindering from Allah's way. And of their taking usury when they were forbidden from it, and of their devouring people's wealth by false pretences. We have prepared for those of them who disbelieve a painful doom." [4:160-161]

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا الرِّبَا أَضْعَافًا مُضَاعَفَةً وَاتَّقُوا
اللَّهَ لَعَلَّكُمْ تُفْلِحُونَ

"O you who believe! Devour not usury, doubling and quadrupling (the sum lent). Observe your duty to Allah, that you may be successful." [3:130]

الَّذِينَ يَأْكُلُونَ الرِّبَا لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ الَّذِي يَتَخَبَّطُهُ
الشَّيْطَانُ مِنَ الْمَسِّ ذَلِكَ بِأَنَّهُمْ قَالُوا إِنَّمَا الْبَيْعُ مِثْلُ الرِّبَا وَأَحَلَّ
اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا فَمَنْ جَاءَهُ مَوْعِظَةٌ مِنْ رَبِّهِ فَانْتَهَى فَلَهُ

مَا سَلَفَ وَأَمْرُهُ إِلَى اللَّهِ وَمَنْ عَادَ فَأُولَئِكَ أَصْحَابُ النَّارِ هُمْ فِيهَا خَالِدُونَ (275) يَمْحَقُ اللَّهُ الرِّبَا وَيُرْبِي الصَّدَقَاتِ وَاللَّهُ لَا يُحِبُّ كُلَّ كَفَّارٍ أَثِيمٍ (276) إِنَّ الَّذِينَ آمَنُوا وَعَمِلُوا الصَّالِحَاتِ وَأَقَامُوا الصَّلَاةَ وَآتَوُا الزَّكَاةَ لَهُمْ أَجْرُهُمْ عِنْدَ رَبِّهِمْ وَلَا خَوْفٌ عَلَيْهِمْ وَلَا هُمْ يَحْزَنُونَ (277) يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ وَذَرُوا مَا بَقِيَ مِنَ الرِّبَا إِن كُنْتُمْ مُؤْمِنِينَ (278) فَإِنْ لَمْ تَفْعَلُوا فَأْذَنُوا بِحَرْبٍ مِنَ اللَّهِ وَرَسُولِهِ وَإِنْ تُبْتُمْ فَلَكُمْ رُءُوسُ أَمْوَالِكُمْ لَا تَظْلِمُونَ وَلَا تُظْلَمُونَ (279) وَإِنْ كَانَ ذُو عُسْرَةٍ فَنَظِرَةٌ إِلَى مَيْسَرَةٍ. وَأَنْ تَصَدَّقُوا خَيْرٌ لَكُمْ إِنْ كُنْتُمْ تَعْلَمُونَ (280)

"Those who swallow usury cannot rise up save as he arises whom the devil has prostrated by (his) touch. That is because they say: Trade is just like usury; whereas Allah permits trading and forbids usury. He unto whom an admonition from his Lord comes and (he) refrains (in obedience thereto), he will keep (the profits of) that which is past, and his affair (henceforth) is with Allah. As for him who returns (to usury) — Such are rightful owners of the Fire. They will abide therein.

"Allah has blighted usury and made almsgiving fruitful. Allah loves not the impious and guilty. Lo! Those who believe and do good works and establish worship and pay the poor-due their reward is with their Lord and there shall no fear come upon them neither shall they grieve. O you who believe! Observe your duty to Allah and give up what remains (due to you) from usury, if you are (in truth) believers. And if you do not then be warned of war (against you) from Allah and His messenger. And if

you repent, then you have your principal (without interest). Wrong not and you shall not be wronged. And if the debtor is in straitened circumstances, then (let there be) postponement to (the time of) ease; and that you remit the debt as almsgiving would be better for you if you did not know.” [2: 275-280]

All the above mentioned verses of the Qur’ān can be understood if we keep in mind that these were addressed primarily to a nation of traders and it were meant to contain the wrong practice in vogue of allowing time to the borrower to repay the loan in return for an additional amount; thus increasing the loan amount itself. It was basically a case of business related loan where the borrower failed to pay in time and he was granted further time. The loan amount was inflated in lieu of such postponement of time of payment. We may call the additional amount the time value of the amount of loan. Islamic scholars call it *ribā al-nasī’ah* {interest on postponement/deferment (of loan)}.

INTEREST IN TRADITIONS OF THE PROPHET (PEACE AND BLESSINGS OF ALLAH BE TO HIM)

In addition to the Qur’ānic injunctions the Prophet (peace and blessings of Allah be to him) prohibited many other wrong practices. Those traditions may be classified under following groups:

1. Dishonest business practices;
2. Accepting any reward or benefit from the borrower; and
3. Interest involved in barter system.

1. Dishonest business practices – Various traditions have used the word *ribā* (interest) for wrong business practices. For example, the tradition we noted earlier regarding

keeping two prices for one product says that the seller should charge the lower price otherwise it would be *ribā*.

2. Reward or benefit from the borrower – Abdullah ibn Salam (may Allah be pleased with him) said: if a man extends a loan to someone he should not accept a gift. [Reported by *Bukhāri*: 3814]

قَالَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ: «إِذَا أَقْرَضَ أَحَدُكُمْ قَرْضًا، فَأَهْدَى لَهُ، أَوْ حَمَلَهُ عَلَى الدَّابَّةِ، فَلَا يَرْكَبُهَا وَلَا يَقْبَلُهُ، إِلَّا أَنْ يَكُونَ جَرَى بَيْنَهُ وَبَيْنَهُ قَبْلَ ذَلِكَ»

The Prophet (peace and blessings of Allah be to him) said: when one person grants a loan to another and the borrower offers him a dish (of food) or a ride on his camel, he should not accept unless the two of them have been previously accustomed to the exchange of favours mutually. [Reported by *Ibn Mājā* (2432)]

Obviously such reward or benefit or gift given by the borrower is not due to the lender and it is an unwanted and unwarranted addition. Islam distastes all such advantages given or accommodations provided.

3. Interest in barter system – In the case of exchange between dissimilar commodities in barter system, traditions of the Prophet (peace and blessings of Allah be to him) require that it should be done hand to hand. This writes off the possibility... of futures trading in commodities. However, where commodities are same the quantities exchanged should be equal besides being hand to hand. [Dr. 'Umer Chapra; *Prohibition of Interest: Does it make sense*; Markazi Maktaba Islami Publishers, New Delhi; 2005 edition; pp. 13-14]

عَنْ أَبِي سَعِيدٍ الْخُدْرِيِّ رَضِيَ اللَّهُ عَنْهُ: أَنَّ رَسُولَ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ قَالَ: «لَا تَبِيعُوا الذَّهَبَ بِالذَّهَبِ إِلَّا مِثْلًا بِمِثْلٍ، وَلَا تُشِيقُوا بَعْضَهَا عَلَى بَعْضٍ، وَلَا تَبِيعُوا الْوَرَقَ بِالْوَرَقِ إِلَّا مِثْلًا بِمِثْلٍ، وَلَا تُشِيقُوا بَعْضَهَا عَلَى بَعْضٍ، وَلَا تَبِيعُوا مِنْهَا غَائِبًا بِنَاجِزٍ»

Abū Sa'īd al-Khudrī reported that the Prophet (peace and blessings of Allah be to him) said: do not sell gold for gold except when it is like for like, and do not increase one over the other; do not sell silver for silver except when it is like for like, and do not increase one over the other, and do not sell from what is away (from among these) for what is ready. [Reported by Bukhārī:2177]

عَنْ عَبْدِ اللَّهِ بْنِ الصَّامِتِ، قَالَ: قَالَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ: «الذَّهَبُ بِالذَّهَبِ، وَالْفِضَّةُ بِالْفِضَّةِ، وَالْبُرُّ بِالْبُرِّ، وَالشَّعِيرُ بِالشَّعِيرِ، وَالتَّمْرُ بِالتَّمْرِ، وَالْمِلْحُ بِالْمِلْحِ، مِثْلًا بِمِثْلٍ، سَوَاءٌ بِسَوَاءٍ، يَدًا بِيَدٍ، فَإِذَا اخْتَلَفَتْ هَذِهِ الْأَصْنَافُ، فَبِيعُوا كَيْفَ شِئْتُمْ، إِذَا كَانَ يَدًا بِيَدٍ»

The Prophet (peace and blessings of Allah be to him) said: gold for gold, silver for silver, wheat for wheat, barley for barley, dates for dates and salt for salt – like for like, equal for equal and hand to hand. If the commodities differ, then you may sell as you wish, provided the exchange is hand to hand. [Reported by Muslim:1587]

As barter system is not prevalent these days, we do not go deeper in the discussions that the scholars have done on above traditions. Suffice is to say that that at the time of the Prophet (peace and blessings of Allah be to

him) both barter system and monetary system were in vogue. He preferred the monetary system and taught that where goods are to be exchanged with each other they should first be sold and then the item required should be purchased from that sale proceed.

TEACHINGS OF ISLAM ABOUT BUSINESS TRANSACTIONS AT A GLANCE

Business transactions are done with mutual consent (*tarāḍī*) for mutually exclusive benefits where every party stands to gain. In order to ensure this object Islam has forbidden certain aspects. Certain products and services are made taboo. There cannot be any trading involving those items, despite mutual consent. Besides these forbidden (*ḥarām*) products and services certain other principles have been provided by the Qur'ān and the traditions of the Prophet (peace and blessings of Allah be to him) that have to be adhered to. Islamic approach is that everything that has not been forbidden is permitted. If one knows what is proscribed, he is aware of what is proscribed.

Following are the forbidden business transactions and related principles.

1. Causing harm or getting harmed (*ḍarar*)
2. Misleading the other party (*gharar*)
3. Gambling (*maysir* and *qimār*)
4. Lack of material information leading to dispute (*jahl muḍī ilā al-nizā'*)
5. Misrepresentation and causing wrong impression about the product (*tadlīs*)
6. False description of goods (*taghrīr*)
7. Excessive profiteering (*ghaban*)
8. Impressing buyers by gestures and sales talk/ art of deceit (*khilābah*)

9. Hoarding of food grains and essential items (*ihtikār*)
10. Two-in-one transaction (*bay'atayn fī bay'*)
11. Option of recalling deal and getting compensation for loss (*Khayār*): This option is available to a party who is sufferer on account of any wrong transaction
12. Profit without corresponding risk/authority/possession (*kharāj* without *ḍamān*). It covers the cases where the product is not existing (*bay'ma'dūm*) or it is in the possession of any other person (*milk al-ghayr*).
13. Interest (*ribā*)

Islam stands for welfare of human beings and the above mentioned provisions are meant to ensure justice for all so that the desired prosperity in human society may be achieved.

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